



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 12/13/2002

GAIN Report #IN2085

India

Agricultural Situation

Weekly Highlights & Hot Bites, #11 2002

Approved by:

Chad Russell

U.S. Embassy

Prepared by:

A. Govindan, Santosh Kr. Singh, V. Shunmugam

Report Highlights:

***India to push farm cause at WTO talks*, *Tariff hike in soy oil unwarranted*,
GM food crops being tested, *Bt cotton lets down AP farmers:study*, *India and
the Cartagena Protocol on biosafety*, *Field trials of GM peanut crop in India*,
India refuses to join rice export cartel, *Philippines may ban Indian rice*, *New
Food Law being framed*, *Food industry seeks globally uniform food law*, *No
free access for bio-resources*, *US firm plans to set up flavor production unit*,
Indians dig into imported chocolates.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

INDIA TO PUSH FARM CAUSE AT WTO TALKS

India's top priority at the ongoing agriculture negotiations at the WTO will be to give minimal access concessions and commitments to other countries in order to protect the domestic agriculture sector. Speaking at the 'Regional Conference on Globalization and Agriculture: Challenges for South Asia', Mr. R. Gopalan, Jt. Secretary in the Ministry of Commerce, stated that consultation with various interest groups led to the emergence of a consensus on the issue that the foremost concern was to protect Indian agriculture. In its proposal recently submitted to the WTO, India has sought special safeguard against import surges. India has also sought reduction in all forms of trade distorting domestic support and export subsidies by developed countries. (Source: Financial Express, 12/05/02)

TARIFF HIKE IN SOY OIL UNWARRANTED

According to the agricultural correspondent to Business Line, the government's upward revision of tariff value (base import price) of soybean oil is seen as a retaliatory move against this oil and its major supplier Argentina as India's bilateral negotiation with Argentina to raise the WTO bound duty on soybean oil from the current level of 45 percent failed. This action will benefit palm oil suppliers Malaysia and Indonesia. (Source: Business Line, 12/06/02)

GM FOOD CROPS BEING TESTED

Government had recently said that it is taking a 'hard look' at the proposed introduction of genetically modified mustard. India's Ag Minister said "tests are going on and a policy is to be made in the area of GM crops which are consumed by humans and animals". He however emphasized that "there can not be a blanket ban on GM Crops, it is a frontier science, the largest impact of biotechnology will be felt on agriculture." (Source: Business Standard 12/7/02)

BT COTTON LETS DOWN AP FARMERS: STUDY

A study made by two agricultural scientists from the state of Andhra Pradesh and released by an NGO in Hyderabad recently concluded that the Bt Cotton has failed to fulfil its promise of increased crop yields and improved earnings through reduced costs. Though it is premature to comment on the report as it forecasts that the non-Bt cotton will produce at least 30 percent more than its counterpart with lesser cost (so far spent) of Rs. 7100 (\$147) per acre compared with Rs. 8000 (\$166) per acre for Bt cotton. Report says "as the Bt cotton had failed on both counts,

the cotton farmers of Warangal district of the state of Andhra Pradesh would not cultivate Bt cotton hereafter." (Source: Business Line 12/09/02)

INDIA AND THE CARTAGENA PROTOCOL ON BIOSAFETY

India has opted to join the Cartagena Protocol on Biosafety. The Cartagena Protocol on Biosafety involves, among other things, precautionary principles and risk assessment in respect to any new technology/product, particularly genetically modified organisms (GMOs). Though these principles are soft and quite flexible in nature, many countries have kept out of the protocol due to issues of capacities that countries have to develop in order to implement the Protocol. The article indicates that many developing countries including India do not have adequate capacity to assess risks to ensure safety. (Source: Financial Express 12/02/02)

FIELD TRIALS OF GM PEANUT CROP ON IN INDIA

"A transgenic Peanut variety developed by the International Crops Research Institute for Semi-Arid Tropics suitable for Indian conditions is currently undergoing a series of field trials", said director-general, William D. Dar. Dr. Dar addressing the media in New Delhi said "ICRISAT had also developed other transgenic varieties like Bt Pigeon pea, Bt Chickpea and Bt Sorghum along with plant based edible vaccines using peanut and chickpea as delivery vehicles for alternative vaccines based on transgenic plants." (Source: Financial Express 12/06/02)

INDIA REFUSES TO JOIN RICE EXPORT CARTEL

India refused to become a member of the rice cartel proposed by Thailand and Vietnam. According to official sources, after a careful analysis of the proposed scheme, India decided that it has nothing to gain from being part of the cartel. "A similar price for all nations will mean that Indian rice will never get exported", the official quipped. Official sources added that Indian government and industry representatives are unlikely to attend the meeting scheduled to be held in Bangkok on December 6. (Source: Business Standard, 12/06/02)

PHILIPPINES MAY BAN INDIAN RICE

After live insects were detected in a shipment of 10,000 tons of rice supplied by India's Project and Equipment Corporation (PEC), the Philippines may ban rice supplies from this Indian company. "We're taking this issue very seriously. That (a ban) is an option we have." , according to the Philippine's National Food Authority Administrator. Competitive prices earlier prompted the Philippines to contract for a total of 595,000 tons of rice from India. (Source: Business Line, 12/06/02)

NEW FOOD LAW BEING FRAMED ...

A meeting of the Group of Ministers entrusted with the responsibility of formulating the new integrated Food Law will be held soon. The proposed new law will replace the existing Prevention of Food Adulteration Act and other Acts relating to the food processing industry and will be in harmony with international laws. Food Processing Minister Mr. N.T. Shanmugham has also

emphasized the need to analyze the regulatory system regarding food safety and quality prevailing in other countries. Assuring the industry that the new Food Law will be introduced at the earliest, he said the government is determined to create a conducive environment for the food processing industry. (Source: Tribune, 12/11/02)

FOOD INDUSTRY SEEKS GLOBALLY UNIFORM FOOD LAW

The food processing industry has pitched for new laws conforming to world standards which should be drafted by the government in close association with the private sector for rapid growth of domestic industry. "There is an urgent need for Indian food laws to conform to international standards, so to make it easier for companies to formulate products according to accepted world standards. Currently the unstandardized food and taxation laws make this restrictive", according to Mr. Simon J. Scraff, Chairman, Glaxo SmithKline Consumer Healthcare. (Source: Financial Express, 12/12/02)

NO FREE ACCESS FOR BIO-RESOURCES

Foreign companies, institutions, and individuals will no longer be allowed free access the country's diverse biological resources under the provisions of the Biological Diversity legislation, which has recently been passed by the Rajya Sabha (the Upper House of the Parliament) after getting approval from the Lok Sabha (the Lower House of the Parliament). After the President's consent it will become a law. The legislation seeks to regulate access to the country's genetic resources and associated knowledge by foreign individuals and institutions and ensures equitable sharing of benefits arising out of the use of resources and knowledge with the country and its people. It provides necessary safeguards to protect the interests of local people, growers, cultivators and Indian researchers. (Source: Business Line, 12/12/02).

US FIRM PLANS TO SET UP FLAVOR PRODUCTION UNIT

The US based International Flavors & Fragrances (IFF) sees India as an emerging market for its fragrances and a production center for agro-based natural fragrances and flavors. IFF is looking to exploit India's potential as a low cost production base to enhance its presence in natural flavors in the domestic market and neighboring markets like Sri Lanka, Nepal, Bangladesh, Pakistan, Afghanistan and Maldives. IFF country manager informed that the company has already entered into contract farming of vanilla in a pocket in southern India. Vanilla bean would be processed and exported to the company's other manufacturing centers. (Source: Business Line 12/6/02)

INDIANS DIG INTO IMPORTED CHOCOLATES

The Indian sweet tooth appears to be developing a stronger taste for imported chocolates. More than the conventional yuppie brigade, it is more mature and affluent population which swears by higher priced imported chocolates. The demand for imported chocolates is fueled by growing exposure of people to international lifestyles. Most of the top-end imported chocolates are preferred for gifts as against some of the local mass brands. Mint filled thins or slices and fruit flavored bars have succeeded in carving a niche market. Market sources estimate the demand for imported chocolates to be growing by an impressive 12-15 percent annually, albeit from a small base (market of \$7-8

million in 2001). The more popular chocolates are coming from Switzerland, Italy, Belgium, Australia, New Zealand and Malaysia.. (Source: Economic Times 12/06/02)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

<i>REPORT#</i>	<i>SUBJECT</i>	<i>DATE SUBMITTED</i>
IN2084	Weekly Highlights & Hot Bites, #10	12/05/2002

WE ARE ON THE NET

We are available at <http://www.usembassy.state.gov/posts/in1/wwwwh43.html> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach us at FAS/New Delhi, email us at _AgNewDelhi@fas.usda.gov.